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# FINANCES OF BRITISH POSSESSIONS IN SOUTH AFRICA.

## INTRODUCTION.

The present division of the territory subject to British rule in South Africa according to governmental forms is comparatively simple. Two self-governing colonies, the Cape, and Natal; the region known as Rhodesia, governed by the British South African Company, and two protectorates, Basutoland and Bechuanaland, exhaust the present political divisions of the country. But this comparative simplicity is the result of a century of experimentation which, in the course of its progress, created all the forms of government control known in British Colonial experience, with an infinite variety of modulations. The frequent transfers of territory from one authority to another, and the appearance of new forms of control in the same region, constitute a history, bewildering in its details, which cannot readily be grasped by the foreign observer.

Yet while a detailed recital of the fortunes of these territories would be out of place here, some indication of the lines of development is necessary for a proper comprehension of the problems of government and finance which they offer. The story of British rule in Africa is the history of conflict with the natives on the one hand and the Boers on the other. In another light it is the story of the expansion of Cape Colony. This expansion has gone on at times directly under the auspices of the colonial government, at others under the direct initiation of the Imperial government. But in any consideration of the progress of South Africa during

our century, Cape Colony is the starting point and the nerve centre from which the various conflicting impulses have proceeded.

The territory which surrendered to the British forces in 1806, and was finally ceded to Great Britain by the Congress of Vienna some eight years later, was very restricted in area. It included little beyond the immediate vicinity of Cape Town and Table Bay. Its population numbered some 73,633 souls, of whom 26,720 were of European descent, 17,657 Hottentots, and 29,256 slaves. For a time no active work of settlement was undertaken. The rulers were English, the inhabitants Dutch. In 1820 Parliament voted £50,000 for the promotion of colonization, and 90,000 persons made application to be sent to the Cape. In this first emigration there were about 3,800 persons. The more westerly regions of the colony in the vicinity of Cape Town being in the hands of the Dutch residents, the newcomers settled further to the east, at Port Elizabeth and in the region of Albany. This brought them into direct contact with the Kaffirs, a more vigorous type of native than the Hottentots, whom the Dutch had already succeeded in holding in order. Thus the foundation was laid for a long series of encroachments upon native rule, which have in the course of a century entirely eliminated independent native control in any part of South Africa.

Whether the natives have always been entirely at fault in their conflicts with the whites is a question not to be discussed here. Enough for our present purposes that border troubles, whether provoked by the attitude of the settlers, or arising from the predatory instincts of the natives, have always been the occasion of the interference of the whites in native affairs. This interference has advanced by regular steps. It was soon found

that mere punitive expeditions against the border tribes had little effect, and that if native control was to be permitted to exist at all it must be regulated by the Europeans. Wherever the borders of the direct British territory may have been, we find on those borders protectorates arising. These protectorates recognized the authority of the chiefs in purely internal matters, but placed beside them a Resident Commissioner to represent British authority, to guard over the interests of the whites, and to repress if possible the outbreak of race conflicts. As the frontier advanced these protectorates became crown colonies of Great Britain, or were merged into existing colonies, while new protectorates grew up in the new border districts. This in particular has been the story of the advance of British rule towards the East which has gradually brought all the territory from Cape Town to the Natal boundary under the control of the British and under the administration of the Cape Colony. This district, now familiarly known as the Transkeian region, figured on older maps simply as Kaffirland. Later we see the name British Kaffraria, which in recent years has disappeared from the maps. At the same time the peculiar governmental conditions which existed prior to its incorporation in Cape Colony have not yet wholly disappeared. It is now a colony within a colony, or rather a territory of the Cape Colony, not sharing in the same way in the Cape Town government as other regions of the colony yet subject to its control.

An analogous development has taken place further to the east in the relations of Natal to Zululand. The splendid military organization created by a series of able chiefs rendered the Zulu territory a constant menace to the Colony. It was only after a bloody conflict

that the Zulu power was broken. The chiefs were taken under the tutelage of Great Britain and a protectorate proclaimed over their territory. The region has since been ceded in December, 1897, to the Colony of Natal and is now governed as a dependency of that colony, which maintains as does the Cape in the Transkeian region the same powers of control which formerly belonged directly to the British Crown.

To the north and through the central part of Southern Africa we first find a somewhat similar development. Until 1895 we find north of the Orange River the Crown Colony of British Bechuanaland, beyond this the Bechuanaland protectorate, and still further to the north the territories of the British South African Company, representing three different degrees of control. In 1895, however, British Bechuanaland was incorporated in the Cape Colony, the Bechuanaland protectorate still exists while the governmental interference and control has increased in the regions of the chartered Company. At first the authority of the company rested upon treaties formed with native chiefs, but since the Transvaal raid of Dr. Jameson the English government has established its own magistrates in this district, and practically assumed the political control of the region leaving the industrial and economic exploitation of the region in the hands of the Company.

The development of British rule in South Africa has been on the one hand a series of encroachments upon native territory. On the other it has been since 1836 a series of conflicts both warlike and diplomatic with the Boers. It is needless to recite the causes which brought about the discontent of the Dutch population in the Cape Colony early in the thirties. Enough that great bodies of them became disaffected and emigrated

into new regions where British rule was unknown and where they hoped to escape from British authority. They made their first halting place in Natal where in 1839 they established themselves after a severe struggle with the native inhabitants. Britain regarded them as British subjects and would not consent to the establishment of an independent government. In 1842 an armed force entered Natal and after meeting with some reverses subdued the Boers. From that time onward Natal was ruled as a British colony.

Nothing daunted the more enterprising Boers refusing submission, crossed the formidable Drakensberg Mountains and settled in the regions of the upper courses of the Orange River. Here they were joined by disaffected Boers from the Cape Colony and formed the nucleus of the present republican states. Towards these colonists Great Britain's policy has been wavering, seeking at times to coerce them into submission and disposed at other periods to leave them to their own devices. But whatever may have been her policy as regards the internal affairs of the two republics, she has been ever zealous to limit their territory. It has been this rivalry between the Boer and the Britain which has stimulated the advance of British rule in South Africa. Great Britain has sedulously endeavored to prevent their gaining an outlet to the sea and in this effort she has gained control of the sea coast from the German dominions in West Africa to the Portuguese territory on the eastern coast. She has diplomatically stiffened the back of Portugal to prevent her from ceding any part of her territory to other powers, and has established a species of first mortgage on Delagoa Bay should Portugal ever be disposed to part with that possession.

Physical barriers cut off the Boer republics from the

sea coast but no well defined physical lines separate them on the West and North from British territory. The natural expansion of the Boer power would have occurred towards the west had not Great Britain by seizing these territories while still under native rule set limits to the territorial extension of Boer rule.

Thus we see that the present distribution of power in Southern Africa has been the result of this continual encroachment upon native territory stimulated and hastened by the rivalry with the Boer.<sup>1</sup> In this development various forms of governmental control have arisen and have disappeared. It has been a continual shifting of authority and power, and while we may not have space to trace all the details of its history, a general view of the antecedents of the present territorial divisions is helpful to a comprehension of the existing conditions.

#### CAPE COLONY.

*Government.* Prior to the year 1872, Cape Colony was governed as a crown colony. The Governor, appointed by England, had entire control of legislation as well as administration. In his labors he was assisted by an appointed Council. His functions included not only the government of the more settled portions of the Colony, but also the conduct of all relations with the native tribes. He was the representative of British power in South Africa. With the establishment of self-government for the Cape Colony, the governor has retained these miscellaneous functions not only in relation to the native tribes within the Colony, but also to the whole of South Africa, having received in addition to his title as Governor of the Cape the further dignity of High Commissioner for South Africa.

<sup>1</sup> These lines were written in September, 1899.

With the establishment of self-government in the year 1872, the control of the colonial affairs passed into the hands of the colonists themselves, with the exception of such as were reserved to the Imperial government. The governor is appointed by the Crown, and possesses the prerogatives which are usually attached to that office. His position is similar to that of the monarch under a constitutional form of government. He has the right to appoint and dismiss his ministers, though the latter must always be in harmony with the Parliament. With regard to legislation, he approves or withholds his assent from the measures of Parliament or can reserve them for the approval of the Queen. All appropriations must be approved by him before they are submitted to the Parliament. Bills may be returned to Parliament for amendment.

The control of the mother country over the affairs of the Colony is confined to the Executive and Judiciary, as the courts of Great Britain are the ultimate arbiters of cases which arise in the colonial courts.

The Ministry, or Cabinet, is composed of five members, the definition of whose duties gives a general idea of the functions of government. The Premier is not assigned to any particular portfolio. His colleagues are the Colonial Secretary, whose office supervises the civil service, the various divisions of the Colony, and controls the post and telegraph departments, deeds, registry, defence, education, hospitals, and asylums; the Attorney General, the law adviser and public prosecutor, who controls the department of administration and justice, the convict establishments and police; the Treasurer General who is the financial officer in charge of all taxation, and to whom is entrusted also the departments of agriculture and mines; the Commissioner



of Crown Lands and Public Works who supervises railroads and other public works, light houses, and harbors; and the Secretary for Native Affairs in charge of all relations with the aboriginal tribes. The ministers receive a salary of £1500 per annum.

The Legislature consists of two houses: the Council of 22 members, and the Assembly of 76 members, the members of both houses being elected by popular vote. A property qualification, namely, the possession of immovable property to the amount of £4000, or of movable and immovable property to the value of £4000, is prescribed for members of the Council. They are elected from eight electoral circles or provinces, seven of which return three members, and one (Griqualand West) returns one member. To the Assembly any qualified voter may be elected. The franchise is confined to voters who are British subjects, resident in the colony for 12 months prior to registration, and who occupied property to the value of £75 or received salary of not less than £50 annually. There is no distinction of race or color.

*Local Government and Finance.*—Local government is in the hands of divisional councils elected by the taxpayers. There are also municipal governments in the larger towns, village boards in the smaller communities, and harbor boards in a few sections which have an independent and autonomous existence.

There are in the colony (1898) seventy-four of these divisional councils. They are charged with the maintenance of roads, the protection of the country from noxious plants and wild animals, the settlement of questions relating to land boundaries, and the inspection of crown lands which it is proposed to offer for sale. They have independent powers of taxation and raise in this

way the greater part of the necessary revenue. But as population is very sparse, the outlay in the different localities is as a rule small. It attains considerable proportions only in the divisions of the Cape when expenditures were £40,575 in 1898. Next in order follow Port Elizabeth, £9,068, and Kimberly, £7,325, while the remaining seventy-one divisions are represented by much smaller quotas. This can be gathered from the following statement of receipts and expenditures for all these bodies :

	Receipts.	Expenditures.
1894.....	£179,611	£174,254
1895.....	176,719	179,180
1896.....	163,533	174,722
1897.....	178,709	166,860
1898.....	174,238	175,984

An analysis of a single year (1898) will suffice to show the nature of the financial operations of these bodies.

	Receipts.	1898.
Rates, road, special, health and taxes .....		£133,642
Tolls and ferries .....		20,472
Loans raised.....		98
Interest received .....		938
Subscriptions for roads and grants from the colony.....		10,347
Miscellaneous, including proceeds of pound, sales, leases, fines, etc .....		8,741
Total .....		£174,238
	Expenditures.	
Salaries and allowances to officers.....		25,524
Roads, streets, bridges, and materials .....		123,218
Loans repaid.....		2,474
Interest paid .....		1,820
Miscellaneous.....		22,948
Total.....		£175,984

The items of interest paid and received point to bank balances and to debts. The latter on Dec. 31, 1898, including bank overdrafts, amounted to £41,309.

Rather more important in their financial relations are

the municipalities, of which there were eighty-four in 1898. For the most part they are small towns of little importance, since four of their number—Cape Town, with expenditures of £298,843; Port Elizabeth, with £92,376; Graham's Town, with £48,571, and Kimberly, with £43,941—spent nearly one-half of the entire sum reported as spent by such bodies in 1898. The aggregate financial operations of all cities have been in recent years :

	Receipts.	Expenditures.
1894-----	£799,358	£548,302
1895-----	457,629	596,049
1896-----	511,255	580,833
1897-----	603,692	617,555
1898-----	778,445	806,336

The figures for 1897 and 1898 are not quite complete, since returns for some of the minor towns are lacking. Using, therefore, the figures for 1896, an analysis of the receipts and payments will afford us some insight into the activities of these city governments.

Receipts.	1896.
Municipal, water, and other rates and taxes .....	£267,329
Market dues .....	24,608
Pound fees, leases of pounds, pound sales .....	1,552
Registration and other fees and fines, etc .....	6,778
Licenses (to graze cattle, exercise trades, fell timber, etc.) ..	7,008
Hire of hall, house, and land rent, sale of land and lease of brick lands, etc .....	46,940
Loans raised .....	102,458
Loans repaid .....	13,765
Interest received and debts recovered .....	37,208
Total .....	£511,255
Expenditures.	
Salaries and allowances to officers and collectors of rates ..	£ 62,966
Water works, roads, streets, bridges, materials, etc .....	316,523
Fire engine establishment .....	4,840
Debts and interest paid .....	146,220
Rent .....	807
Contribution in aid of police .....	15,517
Miscellaneous, including refunds .....	33,960
Total .....	£580,833

In these totals, debts and interest charges play a larger role than in the case of the divisional councils. In fact, on Dec. 31, 1898, the outstanding debts of the cities amounted to £1,859,425, in which the share of Cape Town was £810,171.

There are seventy-seven village boards throughout the colony, which in 1898 spent for public purposes £10,933.

There are, furthermore, five Harbor Boards in the colony with the following financial operations in 1898:

Receipts.		Expenditures.	
Loans .....	£348,889	Construction .....	£341,134
Revenue .....	471,916	Maintenance .....	362,902
Other .....	62	Interest .....	77,198
		Other .....	66
Total .....		Total .....	
£820,867		£781,300	

The outstanding debt of these corporate bodies Dec. 31, 1898, was £3,106,475.

*Revenue System of the Colony.* The revenue of the Cape Colony is derived exclusively from colonial resources. The colonial budget receives no direct contribution from the Imperial Treasury. Whatever aid comes to the Colony from the mother country is found in expenditure in behalf of the colony and will be treated under that head.

The ordinary revenue of the Colony is derived from three principal sources, classified in the financial statements as follows:—taxation, the Colonial estate, and public services.

The relative importance of the various sources of income is shown in the following statement for the year ending June 30, 1898.

Taxation .....	£2,318,190
Colonial estate .....	336,954
Services rendered .....	3,695,198
Other income .....	186,133
Total ordinary revenue .....	£6,536,475

Under the head of taxation by far the most important branch of revenue is the customs duties, which amounted in the year 1898 to £1,803,316.

The custom duties are regulated by a treaty forming the South African Customs Union. This originated in the year 1888 by an agreement between representatives of the colonies of Cape of Good Hope and Natal, and the Orange Free State. The Colony of Natal refused to ratify the Customs Union thus drawn up. It has, however, been enlarged by the addition of Bechuanaland, before its incorporation as a part of Cape Colony, and by Basutoland. The principles governing this Union are a uniform tariff upon all goods imported into the Union, and absolute free trade between the territories which are parties to the Union. The collection of duties is cared for by each contracting government for the goods which cross its boundaries. Whenever goods are to be sent to another country, it is the duty of the government collecting the duties to transfer  $\frac{3}{4}$  of the amount collected to the government for whose country such goods are destined. As the internal trade of Africa is small it is in practice therefore, to a large extent, the government of the Cape, which acts as the executive organ of the Union. At the time of this formation, it was hoped that the South African Republic might be induced to become a party to the compact, but these hopes have not been realized. The tariff which is in force is uniform throughout. As the Union includes the Orange Republic, it is obvious that no privileged position could have been granted to goods imported from the mother country. It is, however, equally obvious that no duties are collected upon goods which are introduced into the Union for the purposes of the Imperial

Government, or for the government goods of any of the contracting parties.

While a statement of tariff rates would throw some light upon the nature of customs taxation, the mere enumeration of rates would give no clue to the importance of various articles in the fiscal system of the colony. We have, therefore, selected the articles or groups which in 1898 produced a customs revenue of £20,000, and with reference to the values of these goods, have calculated ad valorem rates of actual taxation. This information is given in the following statement :

	Customs Revenue. [ooo omitted.]	Value of Imports.	Calculated Rate of Duty. Per Cent.
Wheat .....	£ 210	£ 781	26.83
Sugar, unrefined.....	109	390	28.01
Haberdashery and millinery.....	106	1,277	8.28
Whiskey .....	76	86	88.31
Apparel and slops.....	59	729	8.13
Cotton piece goods.....	58	699	8.25
Hardware not specified.....	51	732	6.95
Ale and beer.....	49	101	48.43
Boots and shoes.....	43	527	8.24
Cigars.....	34	51	67.52
Butter.....	32	152	20.11
Mineral oil.....	30	73	40.89
Preserved fish.....	28	90	31.08
Cigarettes.....	28	48	57.32
Furniture and cabinet ware.....	27	336	7.87
Cheese.....	26	68	38.84
Dynamite and blasting powder..	26	115	22.75
Soap, common brown.....	24	88	27.80
Meats, preserved.....	23	109	20.73
Candles.....	21	49	43.67
Hosiery, cotton.....	21	270	7.73
Drugs and chemicals.....	20	177	11.57
Total.....	£1,081		

Other forms of taxation accordingly produced, in 1898, £514,874; of these by far the most important were transfer duties (£122,473); stamp duties (£201,456) and licenses (£147,916).

The income from the colonial estate includes the revenue arising from the sale of lands, mining rights, and similar sources of revenue. With the growth of the Colony, and the gradual alienation of the public lands, this source of revenue becomes less important. In this group is included, moreover, the proceeds of the hut tax (1898, £81,473). This is collected particularly in the Transkeian District to which allusion has already been made. Here the natives retain their tribal organization, and contribute to the government expenses through this primitive method. The hut tax is found pretty generally throughout South Africa. It varies in amount, though the probable annual average is in the neighborhood of 10 shillings per hut.

At the present time, the most important source of revenue in the Cape is the group designated as public services, which includes the railway, telegraph, and postal revenue. The receipts from railways are by far the most important. How far the figures which occur in the budget represent net profits can only be understood by a reference to the expenditures for this purpose. The net gain to the State is something in the neighborhood of £1,000,000 per annum. In the revenue attributed to public services in 1898, in the aggregate £3,695,198, the share of railway receipts was £3,101,818, of telegraph receipts £150,971 and post office income £327,737. As all of these receipts are offset by corresponding payments, these topics can be more advantageously treated under the head of expenditures.

In the miscellaneous receipts which in the aggregate are small, the most notable item appears to be interest and premiums (£148,198 in 1898).

*Public Expenditure.* The ordinary expenditure of Cape Colony for the fiscal year 1898 amounted to

£7,082,235. Some leading items of expenditure were

Public debt.....	£1,248,700
Railroads, working and maintenance.....	2,058,587
Defence .....	485,338
Police and jails.....	534,896
Civil establishment .....	176,210

The expenditure for the public debt occupies a comparatively large place in the budget. As will be seen when we come to the history of the public debt, a very large portion of it has been credited for what are termed "productive investments", the greater part of it having been expended in the construction of railroads. Of the debt outstanding December 31st, 1898, amounting to £28,377,922, £5,247,003 had been applied to purposes which are commonly described as unproductive.

The expenditure for railroads represents in the main the operating expenses of the railroad lines. Of course, here, as elsewhere, the line is difficult to draw between operating expenses and permanent improvements in construction and equipment. It is believed that the Cape Government has followed in this respect a conservative course. The statement is made "That Civil Services which properly belong to railway construction have, from time to time, been provided for in the ordinary votes for the working and maintenance of railways, and their cost is thus included in the ordinary expenditure of the colony."

It appears, moreover, that the administration has applied some part of its earnings directly to railway construction, before making a return to the fiscal authorities. Such expenditure which, up to June 30, 1891, was estimated at one million and a half, would naturally diminish the receipts drawn from this source.

The development of the railroad system has been a



characteristic feature of government activity in the Cape Colony. Of this development, Noble says :

" But among the undertakings which, more especially of late years, have marked the enterprising spirit of the colony, has been the energetic expansion of its railway system. The first railway was projected during the governorship of Sir George Grey, who turned the first sod of the Cape Town and Wellington line on the 31st of March, 1859. This line, fifty-eight miles in length was constructed by an English company under a guarantee of a rate of interest of 6 per cent. per annum on a sum of £500,000. In 1862 private colonial enterprise started a short branch line, from Salt River to Wynberg, without any guarantee or subsidy ; and later on another line, from Port Elizabeth to Uitenhage, was commenced by a private company. All these lines, however, afterwards passed by purchase into the hands of the government. In 1874, consequent upon the general prosperity resulting from the discovery and development of the diamond mines in Griqualand West, legislative authority was given for carrying on railway construction upon a large scale from the three principal seaports of the colony,—Cape Town, Port Elizabeth, and East London. Subsequently, these works were authorized to be extended inland, forming three main systems, converging towards Kimberley and the Orange Free State, and afterwards junction lines were formed connecting them with one another."

The further development of railway activity in South Africa was due to the Customs Union already mentioned. The same conference which settled the basis of the Customs Union also made an agreement with the government of the Orange Free State for the extension of the railway system.

“The Orange Free State Government, having thus been placed in receipt of a share of customs duties estimated to yield an addition to its revenue of £100,000 per annum, at once resolved upon railway extension within its own border, in junction with the colonial lines; and, after negotiations, an arrangement was come to, in terms of a convention, by which the Cape Government undertook to construct and work a through line from the Orange River to the Vaal River, connecting with the Witwatersrand gold-fields, until such time as the State is prepared to acquire the line by purchase. This Convention established the principle in South Africa of the government of a maritime colony undertaking the construction and working of a railway in territory beyond its political jurisdiction. It was followed up by an agreement being concluded between the Cape Government and the Netherlands South African Railway Company, under sanction and guarantee of the South African Republic, for the speedy completion of the railway from the northern banks of the Vaal River to Johannesburg and Pretoria, running powers and through traffic arrangements over these lines (89 miles in length) being granted to the Cape administration until December, 1894, in return for an advance of funds at a fair rate of interest.”

The success of the railway policy of the Cape from the financial point of view is described by Noble as follows:

“It only remains to consider how far the construction of railways has proved a profitable investment; and as it is quite impossible to reduce to figures the enormous indirect advantages of cheap and speedy transport between different parts of the Colony, attention is necessarily confined to its purely commercial aspect as an investment.

"From this point of view it must be admitted that for a number of years, the railways of the Colony did not pay full interest on the capital invested, and indeed some lines do not even yet pay their working expenses.

"In June, 1891, the Controller and Auditor-General prepared an account showing approximately the capital expenditure on government railways, the interest actually paid on such capital, and the net profits on the working of such railways from the 1st of January, 1873, to the 30th of June, 1890. According to this account the net profits, or excess of revenue over working expenses, from 1873 to 1890 amounted to £4,635,907, while the interest actually paid on borrowed capital amounted to about £5,967,795, showing in 16½ years an excess of interest paid over the net profits of £1,331,888, or an average loss of about £80,750 per annum. The direct loss during the above period is really considerably more than is here stated, for no interest has been charged on the large contribution from surplus revenue, whether duly authorized to be appropriated for railway purposes or temporarily advanced. Nor has interest been charged on the railway loans repaid out of current revenue."

The successive annual reports of the General Manager of Railways, however, show that in recent years the colonial railways have, as a whole, returned a very fair interest on the capital, as follows :

Calendar Year.	Capital Expended.	Capital Entitled to Interest. [ooo omitted.]	Net Earnings.	Percentage of Earnings on Capital.		
1888-----	14,214	14,214	695	£	s	d
1889-----	14,527	14,283	822	4	17	10
1890-----	16,264	14,656	849	5	15	10
1891-----	18,175	16,687	779	4	13	4

While the above averages are very satisfactory, this

condition is due to the fact that, while several lines pay very well, one line in particular, viz., the main line on the Midland System, yields a splendid return, which more than covers the losses on certain other lines. For example, this main line has yielded the following percentages on its capital: In 1888, £12 4s. 11d. per cent.; in 1889, £13 6s. 9d. per cent.; in 1890, £13 8s. 10d. per cent.; and in 1891, £11 9s. 9d. per cent. On the other hand, several lines usually show a deficit—that is to say, the revenue does not even cover the working expenses. Thus, in 1888, the line to Graaff Reinet showed a deficit of £14,524 or a loss of £1 1s. 1d. per cent. on the capital in excess of interest paid thereon. On the King Williamstown branch the loss on a very much smaller capital was £1 15s. 11d. per cent. Besides these there were two other smaller losses. In 1889 five lines showed losses, of which the largest—that on the Graaff Reinet line—was £11,854, or £0 17s. 2d. per cent., while the largest percentage loss was £1 1s. 6d. per cent. In 1890, four lines showed losses, the highest percentage being £0 16s. 10d. per cent. In 1891, four lines again showed losses, the heaviest loss as well as the largest percentage (£1 11s. 7d. per cent.) being on the line from Wynberg to Simon's Town."

The development of the railway system has been rapid. In 1873 there were 64 miles of line opened; in 1875, 150; in 1880, 906; in 1885, 1,599; in 1890, 1,890, and in 1895, 2,253. In 1897 the Orange Free State took over 361 miles of line within her own territory and the mileage of the Cape Colony system was reduced by that amount.

The third item of expenditure which appears on our list is that for defence. The expenditure for this purpose is borne in part by the colony, and in part by the

mother country. The Imperial troops in 1897 stationed in the colony numbered 545 officers and 8,240 non-commissioned officers and privates. The expense to the mother country of this establishment in recent years has been: In 1896, £211,264; in 1897, £275,474, and in 1898, £306,308. This does not exhaust the share of the mother country in providing for the defence of the colony, as Great Britain maintains a permanent naval squadron in South African waters. The squadron consisted in 1898 of 13 men of war, mounting 92 guns, and having a total tonnage of 37,035 tons. It is maintained at an approximate cost of £200,000 annually.

On the other hand, the colonial forces consist of the Cape Mounted Rifles, numbering 1,003 officers and men, and the volunteers, 6,953 officers and men, who are maintained by the colonial authorities. In addition to these organized forces, every male citizen of the colony, between the ages of 18 and 50, is liable to be called upon for military service in case of need. The colonial government has in addition coöperated with the Imperial government in the construction of the fortifications of Table Bay, Simon's Bay, and the Cape Peninsula. The colony furnished the necessary materials and labor, while the Imperial government provided the designs and the armament of these fortifications. In the year 1898, moreover, the colonial Parliament voted the sum of £30,000 for the maintenance of Imperial troops within the colony.

Among the remaining items of expenditure we may mention that for science and education (£231,687 in 1898.) "Schools are not maintained by the public authorities, the expenditure of the State taking the form of grants in aid for the encouragement of local bodies and private enterprises. The main purposes for

which grants are appropriated are, (1) in aid of the expenses of the Cape of Good Hope University and bursaries; (2) in aid of the salaries of professors and lecturers in college training for the University course, and of teachers in the several undenominational public schools, district boarding schools, mission schools, aborigines' day-schools, native industrial schools, as well as schools of art and elementary teachers; (3) capitation allowance towards private farm schools, circuit teachers' schools, boarding schools, and indigent children in these schools in the country districts, as well as to native boys and girls receiving training in industrial institutions; (4) in aid of school buildings, the equipping of schools, and good service allowance to teachers."—*Noble*.

The postal expenditures of 1898, £290,777, were more than offset by the receipts, leaving a net revenue of £36,960. On the other hand the maintenance of telegraphs at a cost of £163,926 resulted in a deficit of £13,955, in addition to costs of construction of £39,416 provided for in the ordinary budget of the Colony.

Space does not permit a mention of expenditure in all its details. (See appendix). With two exceptions the remaining branches of expenditure are the general expenses of government everywhere. One exception is the expenditure for native affairs which includes costs of administration, allowances to native chiefs, and education of the natives. It amounted in 1898 to £309,667. The other is a charge peculiar to this government, namely the payment of a share of customs receipts to the other governments in the Customs Union. The entire customs collected being credited to the receipts, the amount paid over to other governments, in 1898, £133,956, must be charged to the expenditures.

*Receipts and Expenditures.* In comparing the receipts and expenditures we can, down to the year 1891, utilize the summary of Noble, which is as follows :

"In the calendar year 1866, the total revenue from all sources amounted to only £536,347, and in the financial year 1891-92 it amounted to £4,495,344, or excluding railway revenue to £2,493,304. The latter amount indicates an increase of about 344 per cent., or on an average nearly 17 per cent. per annum on the revenue of 1866.

The actual rate of progress, however, has been far from constant, even the comparatively short period of twenty-six and a half years having included more than one cycle of general depression and shrinkage; but without entering into details, variations in the rate of progress are sufficiently shown by the following averages :

Period.	No. of Years.	Average Annual Revenue. [ooo omitted.]
1-1-66-31-12-70-----	5	586
1-1-71-30- 6-76-----	5½	1,275
1-7-76-30- 6-81-----	5	2,106
1-7-81-30- 6-86-----	5	3,241
1-7-86-30- 6-91-----	5	3,799

"The revenue may be classed under four heads: (a) Taxation (including customs, transfer duty, stamps and licenses, etc.); (b) Income from the Colonial Estate (including land revenue, hut tax, land sales, mines, etc.); (c) Payment for services rendered (including railway, telegraph, postal revenue, etc.); (d) Sundry heads, which cannot well be classed under any one of the preceding heads.

"Such an apportionment of the revenue cannot conveniently be given for any year previous to the financial year 1876-77, but the three quinquennial averages from

the 1st of July, 1876, already given, may be shown as follows :

Period of 5 Years.		(a) Average Annual Taxation	(b) Average Annual Income from Colonial Estate.	(c) Average Annual Payment for Ser- vices rendered	(d) Average Annual Other
		[ooo omitted.]			
1-7-76	30-6-81 -----	£1,239	£202	£ 629	£38
1-7-81	30-6-86 -----	1,611	259	1,281	89
1-7-86	30-6-91 -----	1,576	298	1,883	37
Annual average for whole period		£1,475	£253	£1,266	£55

The ordinary expenditure of the Colony may be similarly exhibited as follows :

Period.		No. of Years.	Average Ordinary Expenditure. [ooo omitted.]
1-1-66	31-12-70 -----	5	£ 040
1-1-71	30- 6-76 -----	5½	902
1-7-76	30- 6-81 -----	5	2,053
1-7-81	30- 6-86 -----	5	3,448
1-7-86	30- 6-91 -----	5	3,571

“Such expenditure is charged to one or other of about 85 annual votes, and is again classed according to the nature of the service under 21 principal heads.

“The last published report of the Controller and Auditor-General, that for 1890-91, shows that, during the fifteen years to the 30th of June, 1891, the total revenue has amounted to £45,728,762, while the ordinary expenditure for the same period has amounted to £45,508,967. The latter includes £9,615,038 spent on the working and maintenance of railways, and £12,999,031 paid as interest on and redemption of the public debt—excluding from the latter all loans converted or renewed.

“While the above shows an aggregate excess of revenue over expenditure during 15 years of only about £220,000, there was a period of exceptional prosperity from 1870 to 1875, during which a deficit of £1,054,914 (with



which the ordinary revenue and expenditure account opened on the 1st of January, 1870) was converted into an almost identical surplus of £1,054,748 on the 30th of June, 1876, so that on the whole period from the 1st of January, 1870, to the 30th of June, 1891, the excess of ordinary revenue over ordinary expenditure amounted to £2,338,882. It will be shown that the excess of these savings over the deficit balance on the 1st of January, 1870 (amounting to £1,283,968), may be said to have been invested in railways."

To the foregoing statement it will suffice to add merely the figures for subsequent years. The receipts were :

Fiscal Year Ending June 30th.	Taxation. [ooo omitted.]	Colonial Estate.	Services.	Other Receipts.
1892 -----	1,749	347	2,343	57
1893 -----	1,836	351	2,732	53
1894 -----	1,951	354	2,895	121
1895 -----	1,903	337	3,070	80
1896 -----	2,418	375	3,927	83
1897 -----	2,936	306	4,024	124
1898 -----	2,318	337	3,695	186

In the expenditures the relative position of the different items has changed little. Figures for the details of expenditure are given in the appendix. We may, however, compare here the ordinary receipts and expenditures since 1891. They were as follows :

Fiscal Year Ending June 30th.	Receipts. [ooo omitted.]	Expenditures.
1892 -----	4,495	4,316
1893 -----	4,971	4,668
1894 -----	5,321	5,297
1895 -----	5,390	5,152
1896 -----	6,804	5,651
1897 -----	7,390	6,852
1898 -----	6,536	7,082

Noble's summary, already quoted, begins with 1866. It requires a survey over a somewhat longer period of

time to fully appreciate the rapid growth of the colony of recent years. A few earlier figures of receipts and expenditures may be added.

	Revenue.	Expenditures.
1830-----	134	121
1840-----	171	182
1850-----	246	246
1860-----	743	730
1870-----	874	796

*Expenditure Chargeable to Loan Acts.* "While expenditure on many public works of very considerable importance has been charged as ordinary expenditure, and is thus included in the amounts already mentioned as paid out of ordinary revenue, the greater part of the expenditure on the construction of railways, on a number of more important public works, and on the suppression of native disturbances, etc., has been charged in separate accounts to the proceeds of loans raised.

"Previous to 1876 the accounts of the colony did not exhibit any such marked distinction as regards expenditure, but the accounts from 1870 to 1875, inclusive, have been recast by the present Controller and Auditor-General from that point of view, and the results may be summarized in quinquennial periods as follows :

Period.	Total Expenditure Railway Construction.	Total Expenditure Other Public Works, etc.	Total Expenditure Native Rebellion.
	[ooo omitted.]		
1-1-70-30-6-76----	£ 2,070	£ 257	-----
1-7-76-30-6-81----	6,710	820	£3,098
1-7-81-30-6-86----	5,361	702	1,697
1-7-86-30-6-91----	2,921	164	-----
Total to 30-6-91--	£17,063	£1,943	£4,795

"Besides the above, £310,663 has been expended in payment of those liabilities of Griqualand West which existed at the time of its annexation to the colony,

and £228,769, forming a portion of moneys advanced since 1882, out of borrowed moneys, as loans for irrigation and public works carried out by local bodies or private persons, is still outstanding."—*Noble*.

*Public Debt.* "The oldest existing public loan of the Colony dates from August, 1863. The issue of debentures represented £255,400, and the existing balance of this loan (reduced by conversion to £122,300) is repayable on the 31st of December, 1900.

"Nearly all the loans raised from 1852 to 1866 bore interest at 6 per cent., but the particular loan above referred to bears only 5 per cent. interest, and, as might, therefore, be expected, it was raised at a large discount.

"The existing 6 per cent. public loans, including those raised for Harbor Boards, fall considerably short of £200,000. About £750,000 has been raised on 5 per cent. perpetual annuities called Colonial Stock. This stock is now very valuable, and though less than ten years ago some of it was issued at par, it is now saleable at £129 per cent., and in view of the present price of  $3\frac{1}{2}$  per cent. stock, is really worth much more than that. There also exists at the present moment nearly £800,000 of 5 per cent. debentures, issued in 1883, but these it is expected will be repaid before the end of the present year, 1893.

"Between 1872 and 1880 large loans were raised at  $4\frac{1}{2}$  per cent., subject to the operation of a cumulative 1 per cent. sinking fund. These have been partly repaid on annual drawings, and have been largely converted into 4 per cent. and  $3\frac{1}{2}$  per cent. Consolidated Stock, so that the existing debt bearing interest at  $4\frac{1}{2}$  per cent. scarcely exceeds £2,000,000.

"Large loans bearing interest at 4 per cent. have been raised since 1883, and while they have been partly

applied to cover railway construction and the suppression of native rebellion, they have chiefly been devoted to the redemption of other loans. Thus nearly four millions of 4 per cent. stock were issued in exchange for 5 per cent. debentures of the so-called 1883 or 10-40 loan, while between nine and ten millions of 4 per cent. stock have been issued under the authority of Act 16 of 1886, in exchange for debentures which bore interest at from 4 to 6 per cent.

"Since March, 1890, all loans, whether raised in the Colony or in England, have been raised at  $3\frac{1}{2}$  per cent. All these  $3\frac{1}{2}$  per cent. loans, amounting at this date (February, 1893) to nearly  $5\frac{1}{2}$  millions, have hitherto been raised at a discount varying from 13s. 3d. to £4 9s. 9d. per cent.; but according to the latest London quotations this stock is already at a premium of about 2 per cent. exclusive of accruing interest. To meet the convenience of the public it has been arranged that the domicile of these loans may on application be transferred from the Colony to London, or *vice versa*."—*Noble*.

The purposes for which the public debt has been raised are indicated in the following table which gives the amount outstanding December 31st, 1898.

Reproductive Works :

Railways .....	18,525,102
Bridges .....	372,263
Telegraphs .....	179,765
Irrigation .....	34,168
Harbors .....	3,393,566

Loans :

Local works .....	231,219
Irrigation .....	85,337
Netherlands railway .....	389,509

## Unproductive :

Hospitals-----	25,837
Roads and bridges-----	56,388
Buildings-----	314,473
Revenue shortfall-----	489,552
Immigration-----	235,463
Griqualand West liabilities-----	289,321
War expenses-----	3,714,694
Railway subsidies-----	110,439
Railway expropriation-----	10,836
	<hr/>
	5,247,003
	<hr/>
	28,377,922

## NATAL.

The colony of Natal owes its separate existence to its distance from Cape Town, and to the presence of unsettled regions inhabited chiefly by natives in what are now known as the Transkeian provinces of the Cape Colony. These for a long time made land communication between Cape Colony points and Natal difficult and even at the present time there is no railroad connection between Cape Town and Pietermaritzburg except in a round about way through the Transvaal.

When in 1836 the great "trek" of the discontented Boer farmers took place, their first resting place was Natal. Here, after 1839, they established an independent government. But the colonial authorities not recognizing the right of British subjects to set up an independent sovereignty, sent troops to occupy the district, and after defeating the Boers in 1842, Natal became a part of the Cape Colony. It was governed by a Lieutenant Governor resident in the Colony. In 1856 it was created a crown colony, and in 1893 was granted responsible government. The present government is described in the "Statesman's Year Book" (1899, p. 203-204) as follows :

"By the Constitution Act (Law No. 14, 1893), which came into force July 20, 1893, the legislative authority

resides in the Queen, a Legislative Council, and a Legislative Assembly. Her Majesty is represented by the Governor, whose assent (revocable within two years, in manner prescribed) is required to all bills before they become law. The Governor appoints the ministers, and with their advice, the members of the Legislative Council.<sup>1</sup> He issues writs for general election of members of the Legislative Assembly, fixes the place and time of the sessions of the legislative bodies, and may prorogue or dissolve the Assembly. He may also, by message, transmit the draft of any bill to be introduced in either house. The Legislative Council consists of eleven members, each of whom must be at least thirty years of age, must have resided ten years in the colony, and must be registered proprietor of real property of the net value of £500. Members hold their seats for ten years, provision being made for the withdrawal of five at the end of the first five years. The President is appointed by the Governor. The Legislative Assembly consists of thirty-seven members chosen by the electors. Each Legislative Assembly continues for four years, unless sooner dissolved. It meets annually or oftener, appoints its Speaker, and adopts (with the approval of the Governor) its own standing rules and orders. Money bills must originate in the Assembly, and the Legislative Council may accept or reject but not alter them. No money bill, however, for any purpose not first recommended to the Assembly by message of the Governor can be passed in the session in which it is proposed. No person can be a member of the Assembly who is not a duly qualified and registered elector. Members receive an allowance of £1 a day during the session.

<sup>1</sup>The first Legislative Council was nominated solely by the Governor.

"Electors are qualified by the possession of immovable property of the value of £50, by payment of rent for such property of the annual value of £10, or (having resided three years in the colony) by having an income of £96, per annum, inclusive of allowances. Electors (1896), 9,208.

"The executive authority resides in a body of not more than six ministers, each of whom must be, or must within four months become, a member of one of the legislative bodies. Each may sit or speak in either house, but may vote only in that of which he is a member."

In its governmental organization the colony seems to be a reduced copy of the Cape Colony. Like that colony it has its dependence, Zululand, which is governed by a resident magistrate much in the same manner as the Transkeian territories. It owns its own railroads (487 miles in length) and telegraph system, and has a public debt due largely to the construction of these public works. For the defence of the colony mounted police numbering 490 men and volunteers, 1,391 in number, are maintained. Education figures in the budget of 1897 with an expenditure of £45,455. Beyond these meagre facts the only information regarding the financial affairs of the colony which we have been able to attain is contained in the following statistical summary :

#### LEADING RECEIPTS.

[000 omitted.]

Fiscal Years Ending June 30th.	1892.	1893.	1894.	1896.	1897.
Railways .....	665	479	447	746	1,285
Customs .....	301	216	191	265	413
Excise .....	20	20	20	20	20
Land sales .....	46	44	36	38	44
Mails .....	48	39	37	46	57
Telegraphs .....	15	14	13	22	23
Stamps and license .....	24	22	23	28	31
Native hut tax .....	80	79	82	77	94

## PRINCIPAL EXPENDITURES.

Fiscal Year.	[ooo omitted.]		
	Railways.	Public Works.	Defence.
1892-----	489	84	70
1893-----	343	66	66
1894-----	295	63	66
1895-----	---	--	--
1896-----	391	67	107
1897-----	560	90	156

## AGGREGATES.

Fiscal Year.	Receipts.	Expenditures.	Public Debt.
1892-----	1,392	1,281	7,170
1893-----	1,070	1,100	7,170
1894-----	1,011	1,082	8,060
1895-----	1,170	1,148	----
1896-----	1,457	1,282	8,054
1897-----	2,213	1,625	8,019

## RHODESIA.

The territories governed by the British South African Company which come within the sphere of this paper are known as Southern and Northern Rhodesia. In the former a well developed and highly complex governmental organization now exists, while in the latter, where as yet there are few Europeans, the administrative activity of the company is more akin to that of the protectorates.<sup>1</sup>

The present governmental organization of Southern Rhodesia is regulated by the Southern Rhodesia Order in Council of 1898, which insures to the British government a more effective supervision of the administration than it had heretofore enjoyed. Prior to that time the company's administrator was practically supreme. He was subject in a general way to the British High Commissioner for South Africa, but the High Commissioner was in Cape Town and the administrator fifteen hundred

<sup>1</sup> British Central Africa, the expenses of whose government are borne by the South Africa Company, does not fall within the scope of this paper.



miles away. It was the unfortunate Jameson raid of 1896 which was the immediate cause of the English Government assuming larger responsibilities in the government of the colony.

According to the Order in Council of 1898 the Company, with the approval of a Secretary of State, names the administrators, one of whom is senior in rank, who are to govern the country in the name of Great Britain and in the interests of the Company. The Secretary of State appoints a Resident Commissioner in Rhodesia to watch the interests of the Crown. The administrator is assisted by an executive and a legislative council. In each of these the Resident Commissioner is an *ex officio* member entitled to speak but not vote. The executive council is practically the cabinet of the administrator, though he may act contrary to its advice. Should he do so, he must report his action with his reasons to the Company. In all matters the Company may reverse the action of the administrator.

A legislative council consisting of the administrators, the Resident Commissioner, five members appointed by the Company and four elected by registered votes, is also provided in the Order in Council of 1898. The administrator, by and with the consent of this body, may make ordinances for the peace, order and good government of Rhodesia subject to the approval of the High Commissioner. It is also consulted in matters of expenditure and revenue. The resident commissioner is the medium of communication with the High Commissioner and the latter's source of information respecting all matters submitted to his decision.

The Military Police force is under the control of the High Commissioner and the Commandant General is responsible to him only. He shall undertake no military

operations without the consent of the High Commissioner, or in cases of extreme urgency of the Resident Commissioner.

The Judicial organization is also governed by this Order. Judges shall be appointed by a Secretary of State on nomination of the Company and shall be paid by the Company. In like manner the approval of the British government is reserved for all appointments as Commissioners of Native Affairs.

The executive officers of the country, in addition to those already named, are Chief Secretary, Chief Accountant, Surveyor General, Attorney General, Commissioner of Public Works and Miners, Secretary for Native Affairs, and Post Master General. With respect to their various functions, we can refer to the scheme of government of Cape Colony which has furnished the model for the executive organization of this region.

The British South Africa Company, considered as a mercantile venture, was established for the purpose of developing the mineral resources of the regions lying north of the Bechuanaland protectorate and the South African Republic, of which the chief centres were Matabeleland and Mashonaland. Either directly by treaty with native chiefs, or by purchase, generally with obligations of the Company, from those who had preceded them, the Company acquired the exclusive right to all the minerals in the regions under their control. The Royal Charter of October 29th, 1889, which created the Company, granted it wide powers of administration for the purpose of building up and developing the country. How successful it has been in this effort may be seen from the financial statements which follow and from the fact that the Report of 1897-98 estimates the European population at 13,346. (Ad. Rep. 284.) The

activities of the Company since its inception have been so various that a distinct line between its commercial and administrative labors cannot easily be drawn. It may facilitate our study to consider the work of the Company as a whole.

*Mining.* The development of mining operations was the primary reason for the establishment of the Company. Its territories are rich in gold and though no single deposits comparable in richness to those of the Rand district of the Transvaal have as yet been discovered, the outlook for future operations is very bright. The gold output from November, 1891 to July 31st, 1898 was 6,470 oz. but in the ten months which followed from August 1, 1898 to June 1, 1899 a product of 48,214 oz. equal approximately to one million dollars was obtained. (Ad. Rep. 203.) Coal is also found in several districts, and while at several points experimental mining operations have been undertaken, no regular production of this mineral has been established. Mining operations are not undertaken directly by the South African Company. It grants concessions to various companies and takes a share of the stock of these companies as the price of these concessions. On March 31st, 1897, the nominal value of the shares thus held was £895,327. They had not up to this time been a source of revenue to the Company, except through the sale from time to time of a very small number of sales.

*Railroads.* The rapid development of the region has largely been due to the growth of the railway system which now connects the principal centres of population with the sea coast. Buluwayo, the centre of Matabeleland, connects by means of the Bechuanaland Railroad with the Cape Colony system, while Salisbury, the centre of Mashonaland, is connected with the east coast

at Beira in Portuguese territory by means of the Mashonaland and Beira Railways. A connection between Buluwayo and Umtali where the Beira Railway enters British territory is under way. The railroads, which have been established and supported by the British South Africa Company, had on the completion of the line to Salisbury (May 1, 1899) a total mileage of 1086 miles. (Dir. Rep. 96-97, p. 21.)

These railroads have been built by subsidiary companies with the participation and encouragement of the South Africa Company. The Bechuanaland railway was constructed by a company bearing this name and is now operated by the Cape Government Railways Department as a part of their system. The railway company has been guaranteed an annual subsidy of £20,000 by the Imperial Government for a space of ten years and of £10,000 for a like period by the South Africa Company. The latter has, moreover, guaranteed the interest on the 5 per cent. first mortgage debentures and debenture stock for twenty years from November 1st, 1895. As the annual amount required for interest is £70,000, and the net receipts for four months ending February 28, 1898 averaged £12,922 monthly, it would seem that the enterprise was on a paying basis. Of the £2,000,000 debentures issued, the South Africa Company owns £311,000. In the share capital of the railway company the South Africa Company holds a controlling interest. The funds for the construction of the road have been provided by the issue of interest bearing obligations.

A like plan has been pursued in connection with the Beira and Mashonaland roads, the first leading from the Portuguese port to Umtali in the Company's territory, and the latter from Umtali to Salisbury. In each the

South Africa Company owns the controlling interest in the share capital which in each case is very small, while the funds for construction have been obtained by the issue of interest bearing obligations.

*Telegraphs.* The telegraph system which has played an important part in the development of the country has been provided directly by the company. In their report for 1896 and 1897, the Directors say, "On the 30th of September, 1897, 1856 miles of line and 2,583 miles of wire had been erected. The total amount expended by the Company on telegraph construction up to March 31st, 1897, was £139,677 2s. 11d. and the net profit for the financial year ending on that date after deduction of cost of maintenance was £13,391 12s."

The Company is also interested in the African-Trans-Continental Telegraph Company, Limited, formed in 1893 with the support and authority of the Company to extend the telegraph system from Salisbury to Zomba in Nyassaland. The undertaking is designed as a feeder to the Company's lines and also as a connection between the company's operations north and south of the Zambesi.

*War Expenses.* The progress of settlement and development has not been entirely peaceful. In 1893 the Matabeles made one of their periodical raids upon the less warlike tribe of the Mashonas. It had been hoped that the presence of white settlers would have put an end to these warlike incursions. The Company's forces consisting of the police and volunteers, invaded the Matabele territory and after some severe engagements put the natives to flight. But the suppression of uprising was not accomplished before considerable damage had been done to the property of the settlers. The ag-

gregate cost of these military operations, including the payment of indemnities, amounted to £119,639.

*Government in South Africa.* To state in plain terms the receipts and expenditures of the Company considered as a government, is no simple matter. Some share doubtless of the general expenses of the London office belongs under this head, but as there is no rule for determining the proportion it must be omitted from the reckoning. So far as possible, the following account is devoted to receipts and expenditures in South Africa.

*Receipts.* The general character of the government revenues in Rhodesia can best be seen by the following statement for the year ending March 31, 1897.

RHODESIA REVENUE FOR THE YEAR ENDING 31ST MARCH, 1897.

Land fund .....	4,738	
Stand sales, <sup>1</sup> Umtali, 1897 .....	1,449	
Postal and revenue stamps and licenses .....	42,298	
Telegraph revenue .....	29,471	
Postal revenue .....	8,928	
Quit rent .....	3,881	
Transfer and other duty .....	18,696	
Mines revenue .....	1,226	
Hut tax .....	4,737	
Matabeleland stock farm .....	4,089	
Judicial fines .....	3,128	
Occupation fees, registration of natives and sundries	1,790	124,429
Less survey government lands .....		1,887
		<hr/> 122,542

It will be seen that in this statement taxation plays a small part, most of the revenue being derived from public property or public services. The growth of the revenue has been rapid and somewhat erratic. The revenue reported in the financial statements of the Company has been as follows :

<sup>1</sup> Stand sales are proceeds of sales of town lots.

## Fiscal Year Ending March 31.

1891 .....	3,961
1892 .....	15,812
1893 .....	34,153
1894 .....	44,489
1895 .....	118,883
1896 .....	339,091
1897 .....	122,542
1898 .....	263,000 <sup>1</sup>

The extraordinary increase of revenue in 1896 was due to the "Land Fund," which amounted to £211,676. The following year was one of depression and the receipts from this source fell off to less than £5,000. In the following year there was some revival of business and land sales increased again to £74,000. Apart from this item the budget of receipts shows considerable regularity.

*Expenditures.* In recent years the expenditures in South Africa are stated separately, and their general character can be seen from the following statement for the year ending March 31, 1897:

## RHODESIA EXPENDITURES.

*Administration expenses in respect of the following departments:*

Administrator, resident magistrate, law secretary, accountant, mine survey, civil and native commissioners, and North Rhodesia .....		98,303
Postal service .....		12,502
Telegraph department .....		16,079
Hospitals .....		8,650
Traveling expenses .....		161
Telegraph construction .....		19,498
Interest and discount .....		600
Donations .....		1,541
Expenses on goods .....		1,952
Maintenance—buildings and public works .....		4,028
Rinderpest charges .....		30,675
Agriculture .....		660
Removal Umtali towuship .....		47,962
Sundry expenses, including cables, telegrams and postage .....		9,218
		<hr/> 251,829

<sup>1</sup> Administrative Report, 107 (97-98).

Before 1893 the governmental expenditures in South Africa are not grouped, but figure in the general expenditures of the company. Since 1893 the growth of expenditure is shown as follows :

Fiscal Year Ending March 31st.	Administrative Expenses.	Total Expenses.
	[ooo omitted.]	
1893-----	26	85
1894-----	20	66
1895-----	41	142
1896-----	84	212
1897-----	98	252

The administrative expenses have been stated distinctly for comparison with the figures for 1891 and 1892, which were respectively £11,785 and £35,190.

We may close this brief statement with an extract from the Directors' Report of 1897, which discloses the attitude of the Company towards this part of its enterprise : " Separate accounts are being kept of the amounts received and expended by the company in the discharge of its duties as a government. These accounts comprise administrative revenue and expenditure and the cost incurred in the settlement of the country. The balance of expenditure under these headings, not met by revenue, will constitute a public debt whenever the inhabitants of Rhodesia are prepared to take over the full responsibility for its administration. The company will thus be reimbursed a considerable portion of its outlay, and be left in the possession of its mining and commercial interests."

#### BECHUANALAND.

It has already been noted that the Crown Province of British Bechuanaland has been ceded to the Cape Colony. The protectorate still remains as an independent organization. The financial affairs of the protectorate cannot be extricated from those of the Crown Colony in the earlier period. Some idea of the development of



the colony may be obtained from the following brief retrospect taken from the report of the administrator in the year 1894-95 :

“When ten years ago Her Majesty’s government was first established in British Bechuanaland, the country had only just been rescued from the horrors of war in the peculiarly cruel and unprincipled form commonly called filibustering. The plundered natives had barely recovered from a state of terror. The land was, to all intents and purposes, in a condition of barbarism. It is now as peaceable and, in the main, as well governed as any part of Her Majesty’s dominions. Life and property are safer now throughout this immense territory than in many parts of London. The land has to a great extent been surveyed and settled. The natives are well provided for and are prosperous and happy. Evidences of progress in every respect might readily be adduced ; but it is needless to enlarge on the theme. The facts need no comment. In the first year of administration here the revenue was, roughly speaking, £7,000 ; it is now £70,000. The wealth still in the country is incalculable. Its future is bright indeed. At a moderate computation, Her Majesty’s government has spent two millions sterling on it, and now hands it over as a free gift to the Cape Colony, with at the very least a quarter of a million’s worth of vacant crown land, all the public buildings, and all its untold wealth in minerals. Apart from the potentialities of mineral development, the Cape Colony will at once derive from British Bechuanaland a surplus revenue exceeding £20,000 a year. To grudge so magnificent a donation might seem ungenerous, but it is no exaggeration to say that such a gift to a self-governing colony is an instance of Imperial munificence to which it would hardly be possible to find a parallel.”

From the period of 1891 to June 30, 1895, we find the following record of revenue in the colony and the protectorate :

Date Ending June 30.	Customs Revenue.	Hut Tax.	Total Revenue.
1891-----	£2,448	3,410	42,501
1892-----	12,579	1,975	50,936
1893-----	13,326	3,450	45,344
1894-----	16,392	3,941	55,370
1895-----	21,834	5,283	67,156

In the foregoing table we have given but two of the various items which constitute the receipts of the government. The remaining items, not specifically stated, are as a rule unimportant in amount, few of them equaling during the period under consideration the amounts received from the hut tax. In individual years, however, certain items of receipts exceed the hut tax. This is true in particular of the receipts for rents, presumably the rents of public lands. Sale of public lands is again an item of considerable importance in certain years. In the year 1890-91 this source of revenue returned £11,270, but two years later £187 was the total sum received from this source. Postal revenue is a considerable sum in the budget, but is offset by a larger expenditure for the maintenance of the postal and telegraph service. We may mention licenses, revenue, stamps, transfer duty, and auction duty as other sources of revenue, whose contribution to the total is, however, small.

The expenditure of the Colony and Protectorate during the same period is indicated in the following statement :

Ending June 30	Police.	Postal and Telegraph.	Total.
1891-----	£106,229	9,661	158,392
1892-----	95,391	15,621	154,929
1893-----	94,234	14,846	154,087
1894-----	178,773	12,593	237,928
1895-----	89,254	12,520	148,376

In the foregoing we have again given the principal items of expenditure. With respect to the divergence between receipts and expenditure, the report makes the following statement.

“From the figures furnished in the accompanying tables it will be seen that the bulk of the deficit in respect to which the grant in aid is annually made by the Imperial Government is on account of the excess of expenditure over revenue in the Protectorate. The total revenue of that country was about £7,600, while the expenditure may be apportioned at about £85,000. On the other hand, the deficit between revenue and expenditure in the Crown Colony, was, as nearly as may be at the present estimated, something under £3,000. Still it must be borne in mind that all the charges of a central administration which is also responsible for the collection of revenue and the administration of justice in the Protectorate are included in the Crown Colony account.”

These explanations serve to justify the somewhat glowing account of the progress of the Colony which we have already quoted. Subsequent figures derived from the “Statesman’s Year Book” confirm these statements. On the other hand, they show conspicuous progress in the Protectorate since it has been severed from the Crown Colony. In the fiscal year ending June 30, 1897, the revenue of the Protectorate was £47,511 of which £8,693 were derived from customs. In the same year the expenditure reached £88,448.

#### BASUTOLAND.

Basutoland was annexed to Cape Colony in August, 1871. The Cape Government, however, found difficulty in governing this country, not only on account of the

war-like character of the inhabitants, but because of the frequent border difficulties which arose between the natives and the Boers. In the year 1884, therefore, they appealed to the Imperial Government to take this region under its direct control, and in a disannexation act of 1884, handed it over to the Imperial Government, and assumed the obligation of contributing £20,000 annually to the expenses of government in that district. The amount of that contribution has since been reduced to £18,000. The region contains very few whites, and settlement by Europeans is prohibited. The expenses of government are, therefore, largely devoted to the maintenance of the official staff, which supervises the government of the native chiefs. During the year 1894-95, the principal source of revenue was the hut tax of 10s, its amount being £21,905. With the contribution of the Cape Colony of £18,000, these two items constitute the larger part of the total budget of receipts, namely, £44,627. Some slight income was derived from the post office, licenses, fines, and ferry tolls.

A detailed statement of the expenditure is not made in the annual report of the Colony. In the year ending June 30, 1895, it amounted to £43,064. Any view of the kind of expenditure must be gathered from the administrative report. From this it would appear that, as in the Protectorate of Bechuanaland, the main expenditure is for the maintenance of public order, the police system, and the jails.

ROLAND P. FALKNER.

## SOURCES OF INFORMATION FOR FINANCIAL AFFAIRS.

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## CAPE COLONY.

ACTUAL REVENUE, EXCLUDING STORES, UNDER THE DIFFERENT HEADS OF RECEIPT, IN EACH OF THE LAST TEN FINANCIAL YEARS, IN THOUSANDS OF POUNDS.

Heads of Revenue.	1888-89.	1889-90.	1890-91.	1891-92.	1892-93.	1893-94.	1894-95.	1895-96.	1896-97.	1897-98.
Customs (including harbor dues) -----	£1,146	£1,369	£1,259	£1,343	£1,426	£1,540	£1,465	£1,923	£2,438	£1,803
Land sales -----	36	57	89	80	69	65	54	65	Dep. ac.	143
Land revenue (including hut tax to '89) --	195	133	135	136	134	129	140	132	130	81
Hut tax -----		49	50	52	58	60	62	79	79	8
Rent (exclusive of land) -----	12	2	1	3	2	2	2	2	7	122
Transfer dues -----	70	110	104	120	120	109	112	150	129	
Auction dues -----	15	17	17	18	21	19	19	17	See Misc	20
Succession dues -----	10	13	13	12	17	18	16	18	17	
Taxes, house duty -----	97	4								
Stamps -----	135	134	131	135	135	137	151	167	186	201
Stamped licenses -----	117	116	120	120	123	124	126	132	138	148
Bank notes duty -----	8	14	11	6	5	6	6	6	7	8
Postage -----	148	162	164	174	184	201	214	238	(c) 294	328
Excise duty -----		1	2						10	8
Fines, forfeitures and fees of court -----	11	14	18	19	18	21	20	18	23	24
Fees of office -----	6	5	1	1	1	3	2	3	3	3
Sales of government property -----	32	24	a. 37	a. 41	a. 54	a. 62	a. 45	a. 53	51	68
Reimbursements -----	81	70	72	76	72	86	93	105	92	103
Mines -----	37	44	27	25	23	24	21	30	31	27
Miscellaneous and special receipts -----	a. 27	b. 35	b. 32	b. 31	b. 29	b. 37	b. 34	b. 41	b. 45	b. 38
Interest and premiums -----	28	20	18	31	24	81	47	48	85	148
Railway receipts -----	1,539	1,951	1,773	2,002	2,382	2,528	2,673	3,463	3,497	3,102
Telegraph receipts -----	85	86	70	67	72	68	84	115	130	151
Total -----	3,836	4,430	4,144	4,495	4,971	5,321	5,390	6,804	7,390	6,536

a. Including guano sales. b. Including wood license and guano permits, etc., previously included under "Land Revenue."  
 c. Including certain items (£5,486 in '96-97), previously included under Reimbursements and Miscellaneous, etc.  
 Transfer duty reduced from 4 to 2 per cent. by Act 10 of 1896. Auction duty abolished by Act 11 of 1896. Receipts '96-97, £5,239, included under Miscellaneous.

## CAPE COLONY.

VOTES OF EXPENDITURE UNDER CLASSIFIED HEADS CHARGEABLE AGAINST ORDINARY REVENUE, IN EACH  
OF THE LAST TEN FINANCIAL YEARS, IN THOUSANDS OF POUNDS.

Head of Expenditure.	1888-89.	1889-90.	1890-91.	1891-92.	1892-93.	1893-94.	1894-95.	1895-96.	1895-97.	1897-98.
Legislative	23	26	25	27	24	28	26	30	40	27
Civil establishment (including collection of revenue)	118	127	127	132	132	136	140	150	166	176
Medical (including hospitals and paupers)	78	96	110	109	129	137	145	172	168	177
Science and education (other than of natives)	99	123	141	126	141	167	173	188	213	232
Public worship	8	8	7	7	7	7	7	6	6	6
Judicial (including administration of justice)	100	106	112	114	121	126	135	144	158	171
Police and goals	195	218	234	239	267	291	318	350	432	535
Convicts	49	54	58	48	42	41	48	49	54	72
Crown lands, agriculture, forests, irrigation and harbors	130	163	153	153	174	219	182	270	625	323
Railways (working and maintenance)	840	1,018	1,118	1,220	1,474	1,565	1,552	1,780	1,941	2,059
Telegraphs, construction	1	12	---	13	76	23	9	16	65	39
Telegraphs, maintenance	92	93	99	91	98	99	104	110	137	264
Post office and mails	161	171	184	191	194	216	243	249	273	291
Buildings, roads and bridges	83	161	192	121	122	150	206	179	340	372
Native affairs (including education of natives)	125	140	144	135	140	144	191	209	250	310
Defence	143	143	152	151	149	161	157	190	376	485
Immigration	---	1	1	1	1	1	---	1	---	1
Pensions	46	48	48	51	52	55	55	74	85	89
Refund of revenue	38	34	33	31	35	39	36	44	52	50
Miscellaneous	37	38	56	61	54	55	70	72	84	121
Public debt	1,049	1,063	1,222	1,166	1,213	1,555	1,246	1,245	1,255	1,248
Share of customs duties paid to other governments	---	35	89	97	93	94	108	123	132	134
Total	3,415	3,879	4,305	4,316	4,668	5,297	5,152	5,651	6,852	7,082